



**MARK FINUCANE**, Director

COUNTY OF LOS ANGELES  
DEPARTMENT OF HEALTH SERVICES  
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April 25, 1997

TO: Senior Staff of the Health Services Department

FROM: Gary W. Wells, Assistant Director  
Administrative and Financial Services *for*

SUBJECT: NEW POLICY ON CONTRACT COST OF LIVING ADJUSTMENTS  
(COLAs)

This is to advise you that the Chief Administrative Officer (CAO) has established a new County policy regarding contract COLAs (see attached). This policy is effective immediately and will continue in effect until further notice.

Citing the lack of salary increases for County employees over the last several years and continuing budgetary uncertainties, the Board recently expressed concerns regarding a COLA that was included in a contract presented to them for approval.

Subsequently, the CAO notified all County departments of the establishment of a general policy regarding COLAs in contracts presented to the Board for approval. The policy requires proposed contracts to include language capping a contract COLA at the lesser of: 1) the average salary movement granted to County employees, or 2) the Consumer Price Index for Urban Areas. The contract must also specifically indicate that, in the event that fiscal circumstances prevent the Board from approving any increases in County employees' salaries, the contractor would likewise receive no COLA.

The CAO is requiring all County departments to strictly adhere to this policy unless critical circumstances justify recommending a contract which does not comply with this policy. If such a circumstance arises, clearance from Board offices must be obtained in advance of filing the contract for Board consideration.

It is essential that the Department follow this policy meticulously. Please ensure that all appropriate staff are advised of the new policy and that all contracts submitted for Board approval include the above-mentioned COLA provisions.

Senior Staff of the Health Services Department  
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The Department's Contracts and Grants Division is also responsible for ensuring that this requirement is met and will not, therefore, process any contract that fails to include the required provisions, unless the above-mentioned clearance from Board offices is obtained.

If you have any questions, please contact John Ricks, Acting Chief, Contracts and Grants Division, at (213) 240-7723.

GWW:CO\CGDATA\WPGWW\COLA\

Attachment

c: Cara O'Neill  
Sherrill Petite  
John Ricks